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Date: June 12, 2003

TO: Washington State Senators and Staff

FROM: Stan Pynch, Director  
Senate Committee Services

SUBJECT: Addendum to Bills Passed During the 2003 Regular Legislative Session

Attached is the addendum to the Senate Committee Services' Bills Passed During the 2003 Regular Legislative Session by Committee of Origin. This supplement provides a brief description of each Senate and House bill passed during the 1st and 2nd Special Sessions of the 2003 Legislature.

Because a majority of these bills are awaiting action by the Governor, this report does not include information regarding vetoes. The Gubernatorial vetoes will be detailed in the upcoming 2003 Final Legislative Report.

We trust that you will find both the initial report and this supplemental to be useful. Once again, it was a pleasure to serve you during these 2003 legislative sessions. We look forward to working with you in preparations for challenges ahead.

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## COMMERCE & TRADE

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### **SB 5271: REGARDING INDUSTRIAL INSURANCE HEARING LOSS CLAIMS**

*Prime Sponsor: Senator Honeyford*

*(HB 1797 Representative Chandler)*

- A worker must file a lost-wages claim for hearing loss within two years of the date of the worker's last injurious exposure to noise in the workplace.
- A worker has one year from the effective date of the legislation to file claims that are not within two years of the last injurious exposure to noise in the workplace.
- The two-year filing requirement does not apply to medical benefits.

### **2ESB 6097: REVISING THE UNEMPLOYMENT COMPENSATION SYSTEM**

*Prime Sponsor: Senator Honeyford*

- The current system of tax array and schedules that are based on the trust fund level is eliminated.
- An employer's contribution rate must be based on the sum of an array calculation factor, a graduated social cost factor and a solvency surcharge, if any. The sum of the array calculation factor and the graduated social cost factor may not exceed 6.5% of an employer's taxable payroll.
- The employer contribution rate for employers in certain seasonal industries is capped at 6% of the employer's taxable payroll.
- In 2004, the weekly benefit rate must be calculated based on the three highest quarters of a claimant's base year. In 2005, the weekly benefit must be equal to 1% of the total wages paid in a claimant's base year.
- On or after January 4, 2004, the maximum weekly wage must be \$496 or 63% of the average weekly wage for the previous year, whichever is greater.
- After the unemployment rate is 6 and 8/10% or less, regular benefits must be available for a maximum of 26 weeks.
- Part-time workers meet the requirement for seeking suitable work, if they are seeking 17-hours or less per week.
- The Employment Security Department must analyze those programs funded by special administrative contributions, the type, rate and causes of employer turnover in the unemployment compensation system, and the potential for year-to-year volatility in the new tax array. The Department must report to the Legislature by December 1, 2003.

### **SB 6099: MAKING AN APPROPRIATION FOR THE PAYMENT OF EXPENSES RELATED TO THE IMPLEMENTATION OF 2ESB 6097**

*Prime Sponsor: Senator Honeyford*

- \$11.5 million is appropriated from Reed Act funding credited to Washington in the unemployment insurance trust fund to implement the provisions of 2ESB 6079 regarding unemployment insurance.

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## **ECONOMIC DEVELOPMENT**

### **786-7747**

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#### **ESB 6093: ALLOWING SOLICITING TO HOST OFFICIAL LEGISLATIVE CONFERENCES**

*Prime Sponsor: Senator Kohl-Welles*

- Gifts, grants, and other transfers of real and/or personal property may be solicited and accepted for purposes of hosting a national legislative association conference in the state of Washington, without regard to the \$50 limitation on acceptance of gifts by legislative officers and employees.

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## **EDUCATION**

### **786-7420**

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#### **SB 6092: INCLUDING A CLASSIFIED EMPLOYEE ON THE WASHINGTON PROFESSIONAL EDUCATOR STANDARDS BOARD**

*Prime Sponsor: Senator Zarelli*

*(HB 1193 Representative Quall)*

- A para-educator (a classified employee who assists in student instruction) is added to the Professional Educator Standards Board expanding the board membership to twenty.
- Note: This bill is exactly like SB 5240 as introduced. The Governor vetoed SSB 5240 in its entirety.

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## **GOVERNMENT OPERATIONS & ELECTIONS**

### **786-7432**

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#### **ESB 5463: AUTHORIZING A PILOT PROJECT FOR MILITARY AND OVERSEAS VOTERS TO VOTE OVER THE INTERNET**

*Prime Sponsor: Senator Roach*

*(HB 1155 Representative Hunt)*

- Seven counties are authorized to participate in an internet voting pilot project.
- Participation must be approved by the Secretary of State and in compliance with regulations established by the United States Department of Defense.
- The project is open only to registered overseas and service voters.
- The authority to participate in the pilot project expires January 31, 2005.

#### **2ESSB 5659: AUTHORIZING ADDITIONAL FUNDING FOR LOCAL GOVERNMENTS**

*Prime Sponsor: Senator Winsley*

- A county legislative authority may put to the voters whether an additional sales and use tax of up to 3/10ths of one per cent should be assessed within the county.
- Motor vehicle sales and some motor vehicle leases are exempt from this additional tax.
- Sixty per cent of the proceeds of the tax is retained by the county and 40 per cent is distributed to each city in the county on a per capita basis.
- One third of the proceeds of the tax must be used for criminal justice purposes.
- The voters in counties, cities and towns may approve a regular property tax levy lid lift lasting up to six years.

- Clallam and Jefferson counties have one additional year in which to update their comprehensive plans.  
\* ***SSB 5160 is incorporated in its entirety in 2ESSB 5659, as described below.***
- Ferry county commissioners may adopt a resolution removing the county and its city from the requirement to plan under the Growth Management Act.

### **HB 2266: REVISING THE STATE LEAVE SHARING PROGRAM**

*Prime Sponsor: Representative Hunt*

- State employees may donate their accrued leave to other state employees who are called into active service in time of war or Presidentially declared national emergency.
- The employee receiving the donated leave must have exhausted his or her military and annual leave.
- The required amount of sick leave that must be retained by an employee donating leave for any purpose is decreased to 22 days.
- The limitation on the number of days of sick leave that can be donated for any purpose in any 12 month period is removed.

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## **HEALTH & LONG-TERM CARE**

### **786-7436**

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### **SB 6088: MAKING PRESCRIPTION DRUGS MORE AFFORDABLE TO CERTAIN GROUPS**

*Prime Sponsor: Senator Deccio*

- Authorizes state health care agencies to establish an evidence-based prescription drug program, including a preferred drug list.
- Requires, for state programs, pharmacists to substitute a preferred drug for a non-preferred drug, unless the prescriber indicates "dispense as written."
- Directs the Health Care Authority (HCA) to establish a prescription drug discount program for certain persons 50 and older or disabled.
- Directs the HCA to establish a program to inform people about, and help them access, company-sponsored programs that provide prescription drugs at little or no cost..
- Directs the Department of Social and Health Services to design, and seek any federal waiver necessary to implement, a Medicaid prescription drug assistance program.
- Directs the area agencies on aging to establish programs to educate and train seniors on the safe and appropriate use of medications.

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## **NATURAL RESOURCES, ENERGY & WATER**

### **786-7455**

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### **ESSB 5028: CLARIFYING THE STATE'S AUTHORITY TO REGULATE WATER POLLUTION**

*Prime Sponsor: Senator Morton*

*(HB 1534 Representative Condotta)*

- Prohibits the Department of Ecology (DOE) from using state water quality authority to limit the full exercise of a water right. DOE is authorized to use voluntary, incentive-based methods (water right lease/purchase, conservation funding, etc.) to improve water quality.
- Provisions shall not be construed to affect court decisions involving water quality certifications issued for federally licensed hydropower projects. DOE may only require mitigation in this context to the

extent of substantial evidence a project has caused the water quality violation or problem.

- With certain exceptions and conditions, the Department of Ecology is authorized to levy civil penalties ranging from \$100 to \$5,000 per day for water code violations. DOE is expressly allowed to follow the statutory sequence of enforcement actions (educate water right holders, seek voluntary compliance) for circumstances involving water waste.

## **2E2SHB 1336:**

## **CONCERNING WATERSHED PLANNING**

*Prime Sponsor: Representative Linville*

*(SB 5027 Senator Morton)*

- Authorizes planning units to coordinate the implementation of watershed plans and authorizes a phase IV grant program that requires detailed implementation plans to provide sufficient water for specified purposes, with deadlines and interim milestones for measuring progress.
- Identifies the effect of an approved watershed plan and provides that the Department of Ecology may only modify an adopted plan through the same negotiated rule-making processes that applied in developing the watershed plan.
- Allows counties to opt out of watershed planning under certain conditions. Planning units must identify and seek to eliminate inconsistent or duplicative planning activities and policies in its watershed.

## **2E2SHB 1338:**

## **PROVIDING ADDITIONAL CERTAINTY FOR MUNICIPAL**

### **WATER RIGHTS**

*Prime Sponsor: Representative Linville*

*(2SSB 5024 Senator Honeyford)*

- Defines municipal water supply purposes (MWSP) and declares "good standing" upon municipal purpose "pumps and pipes" based certificates issued in the past--though new municipal water right certificates are to be issued only after actual beneficial use of the water.
- Defines municipal duty to serve, identifies authorization conditions and procedures to relieve compliant municipalities from connection, population or "place of use" limitations specified in municipal water right documents, and provides for a per connection conservation charge to fund cost-effective conservation and leakage standards.
- Places specified watershed-related conditions upon the exercise of inchoate rights by large MWSPs, allows changes or transfers of unperfected MWSP surface water rights under certain circumstances and establishes a watershed agreement pilot project.

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# **WAYS & MEANS**

## **786-7715**

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## **ESSB 5071: REVISING BUSINESS AND OCCUPATION TAXATION FOR CERTAIN AVIATION BUSINESSES**

*Prime Sponsor: Senator Reardon*

*(SHB 1096 Representative Berkey)*

- The business and occupation (B&O) tax rate on the sale and repair of transportation equipment used in interstate or foreign commerce by FAR Part 145 certificated repair stations with airframe and instrument ratings and limited ratings for nondestructive testing, radio, class 3 accessory, and specialized services is reduced from 0.484% to 0.275%, effective August 1, 2003 to July 1, 2006.
- Businesses using this special tax rate must report information on wages and sales to the Department of Revenue quarterly to be eligible for the rate.

**E2SSB 5341: ESTABLISHING A QUALITY MAINTENANCE FEE ON NURSING FACILITIES***Prime Sponsor: Senator Winsley**(HB 1329 Representative Fromhold)*

- Establishes a fee on nursing home care in order to generate additional state and federal funds to maintain the quality of care.
- The fee is \$6.50 per day of nursing home care delivered. Medicare patients are exempt from the fee.
- Directs the Department of Social and Health Services to seek a waiver from the federal government in order to exempt certain nursing facilities from the fee. Exempted facilities would include those with very low Medicaid census; those operated by public hospital districts; and those operated by the state.

**SSB 5401: MAKING APPROPRIATIONS AND AUTHORIZING EXPENDITURES FOR CAPITAL IMPROVEMENTS***Prime Sponsor: Senator Zarelli**(HB 1165 Representative Dunshee)*

- The omnibus 2003-05 capital budget authorizes new capital projects for state agencies and institutions of higher education.
- The projects total \$2.6 billion, including \$1.35 billion from bonds.

**ESSB 5404: MAKING 2003-05 OPERATING APPROPRIATIONS***Prime Sponsor: Senator Rossi*

- Appropriations for the operations of state government and its various agencies and institutions are made for the 2003-2005 fiscal biennium.
- Total appropriations are \$44.8 billion, of which \$23.06 billion are from the state General Fund.

**ESSB 5908: ENACTING THE BUILDING WASHINGTON'S FUTURE ACT***Prime Sponsor: Senator Zarelli**(HB 1908 Representative Dunshee)*

- The State Finance Committee is authorized to issue \$750 million of state general obligation bonds to finance higher education projects over the next 3 biennia.
- This bill was often referred to as the "Gardner/Evans" bill.

**ESSB 6058: MODIFYING THE DISTRIBUTION OF STATE PROPERTY TAXES***Prime Sponsor: Senator Oke**(HB 2250 Representative Sommers)*

- The per student allocation from the Student Achievement Fund (SAF) created by Initiative 728 is reduced from \$450 to \$254 for the 2004-05 school year.
- The SAF per student allocation will be \$300 per FTE student in the 2005-06 school year; \$375 per FTE student in the 2006-07 school year; and \$450 per FTE student in the 2007-08 school year.
- Beginning in the 2004-05 school year, SAF allocations will be distributed to school districts based on the state apportionment schedule.

**SB 6059: MODIFYING TEACHER COST-OF-LIVING PROVISIONS***Prime Sponsor: Senator Oke**(HB 2260 Representative Sommers)*

- Provisions requiring annual cost-of-living adjustments (COLA) for the 2003-05 biennium are removed.
- The provisions declaring the COLAs as "basic education" are eliminated.
- The language of Initiative 732 that directed the state to provide funding for all staff of the school district rather than just those included in state formula staff allocations is removed.

**SB 6087: TRANSFERRING FUNDS TO THE SITE CLOSURE ACCOUNT***Prime Sponsor: Senator Hargrove*

- Authorizes the Legislature to transfer \$13.8 million from the site closure account to the state general fund.
- Beginning July 1, 2008, and each year thereafter until 2033, the state treasurer is directed to transfer

\$966,000 from the perpetual surveillance and maintenance account to the site closure account.

- This transfer is dependent upon the U.S. Department of Energy (DOE) amending the contract with the state for the low-level radioactive waste disposal site. If the U.S. DOE does not agree, the state treasurer is directed to transfer from the state general fund on the same schedule to repay the site closure account.

### **ESHB 1288: ISSUING GENERAL OBLIGATION BONDS**

*Prime Sponsor: Representative Dunshee*

*(SB 5402 Senator Zarelli)*

- Authorizes issuance of general obligation bonds to support appropriations in the 2003-05 Capital Budget.

### **SHB 1693: REVISING THE PROVISION FOR INCREASING THE DIRECT CARE COMPONENT RATE ALLOCATION FOR RESIDENTS WITH EXCEPTIONAL CARE NEEDS**

*Prime Sponsor: Representative Cody*

*(SB 5562 Senator Deccio)*

- Authorizes the Department of Social and Health Services to continue to pay higher, non-standard rates for nursing home patients who have exceptional care needs. Such patients typically include children with complex medical conditions; and individuals who are living with ventilators or tracheostomies.
- Also authorizes continuation of a program to provide intensive rehabilitative therapies at qualified nursing facilities for patients under age 65 who are not eligible for Medicare who are thought to be capable of significant progress in their functional status following a stroke, brain injury, multiple fractures, or other traumatic condition.

### **ESHB 1782: CREATING A COMPETITIVE GRANT PROGRAM FOR NONPROFIT YOUTH ORGANIZATIONS**

*Prime Sponsor: Representative McCoy*

- The Department of Community Trade and Economic Development is directed to establish a process for soliciting and prioritizing projects that assist nonprofit youth organizations in acquiring, constructing, or rehabilitating facilities used for the delivery of nonresidential services.
- Eligible projects must have a major recreational component, and must have an educational or social service component.

### **2ESHB 2151: PRIORITIZING PROPOSED HIGHER EDUCATION CAPITAL PROJECTS**

*Prime Sponsor: Representative Alexander*

- State baccalaureate institutions will generate a single list of capital project requests, in priority order, to guide deliberations for biennial budget sessions starting in 2005, working through the Council of Presidents.
- Governing boards must each approve the preliminary 4-year institution capital project list, or failing that, the Higher Education Coordinating Board proceeds to independently finish the task for the governor and legislature.
- Considerations for ranking capital projects are enumerated and duties assigned to the Higher Education Coordinating Board are expanded with respect to the development of a capital budget recommendation for the State.

### **SHB 2192: TAXING PARIMUTUEL MACHINES**

*Prime Sponsor: Representative Cody*

- The parimutuel tax rate on the gross receipts of for-profit licensees whose annual receipts are less than \$50 million is increased from 0.52 percent to 1.803 percent.

**HB 2242: CONCERNING THE DEFINITION OF GENERAL STATE REVENUES**

*Prime Sponsor: Representative Dunshee*

- The statutory definition of general state revenues used in determining bond capacity is changed to include the total state portion of the property tax.

**HB 2252: REVISING ELIGIBILITY REQUIREMENTS FOR GENERAL ASSISTANCE**

*Prime Sponsor: Representative Sommers*

- Requires the Department of Social and Health Services (DSHS) to discontinue benefits to General Assistance - Unemployable (GA-U) recipients unless the recipient demonstrates no material improvement in his or her medical or mental condition at the incapacity review.

**EHB 2254: FUNDING THE STATE RETIREMENT SYSTEMS.**

*Prime Sponsor: Representative Sommers*

- Adopts a new funding method for Plans 2 and 3 of the Public Employees', Teachers', and School Employees' Retirement Systems that allows the length of "smoothing" of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return.
- Contributions towards the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 are suspended until July 1, 2005.
- As a result of the new funding policies, employer and employee pension contributions for the 2003-2005 biennium are reduced.

**ESHB 2257: CONCERNING THE TREATMENT OF INCOME AND RESOURCES FOR INSTITUTIONALIZED PERSONS RECEIVING MEDICAL ASSISTANCE**

*Prime Sponsor: Representative Sommers*

- Reduces to \$40,000 the amount of cash assets which a couple may retain when one spouse is receiving publicly-funded long-term care. The cash asset limit is currently \$91,660.
- In addition to the \$40,000 of cash assets, the spouse not receiving publicly-funded care may continue to retain their home and the property upon which it stands; an automobile; up to approximately \$2,300 per month of joint income; and any income received in the non-recipient spouse's own name.
- The previous \$91,660 cash asset limit continues to apply to persons who began receiving publicly-funded long-term care prior to August 1, 2003.

**EHB 2269: RELATING TO INCREASING REVENUE**

*Prime Sponsor: Representative Gombosky*

- Requires payment of most excise taxes by the 20th of the month instead of the 25th.
- Increases penalties for underpayment of state excise taxes.
- Requires promoters of special events such as auto shows, garden shows, and flea markets to verify that vendors at the event are registered with the Department of Revenue.
- Modifies the definition of "successor" for purposes of liability for unpaid excise taxes after a business or its assets are sold.
- Reduces the holding period for certain types of unclaimed property under the Uniform Unclaimed Property Act from five to three years.

**HB 2285: AUTHORIZING DSHS TO ESTABLISH COST-SHARING REQUIREMENTS FOR RECIPIENTS OF MEDICAL PROGRAMS**

*Prime Sponsor: Representative Sommers*

- Previously, the Department of Social and Health Services could require recipients of state-funded medical care to participate in the cost of care through co-pays, deductibles, and co-insurance.



- This bill authorizes the department to require additional types of cost-sharing. These might include monthly premiums, or annual enrollment fees.

## **HB 2294: RETAINING AND ATTRACTING THE AEROSPACE INDUSTRY TO WASHINGTON STATE**

*Prime Sponsor: Representative Pettigrew*

- Reduces business and occupation (B&O) tax rates and provides credits against B&O tax for manufacturers of commercial airplanes or commercial airplane components.
- Provides for a variety of other tax incentive measures related to the aerospace industry.
- Requires annual reports on employment, wages and employment benefits by all businesses benefitting from a tax incentive under the measure.
- Expires the B&O rate reduction the earlier of July 1, 2024, or December 31, 2007, if the assembly of a super efficient airplane does not commence in Washington State by December 31, 2007. Expires all other tax incentives on July 1, 2024.
- The effective date of the bill is contingent upon a memorandum of agreement regarding an affirmative final decision to site a significant commercial airplane final assembly plant in Washington.